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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Implementation of the Local Competition)
Provisions in the Telecommunications Act)
of 1996)

CC Docket No. 96-98

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REPLY

The National Exchange Carrier Association, Inc. (NECA)¹ submits its reply to comments filed in response to the Commission's Notice of Proposed Rulemaking (NPRM) in the above-captioned matter.²

In this Reply, NECA will only address the section 251 requirement³ for all local exchange

¹ NECA is a not-for-profit association that is responsible, under the Commission's rules, for the preparation of access charge tariffs on behalf of over 1,200 telephone companies that do not file separate tariffs; and for the collection and distribution of access charge revenues. *See* 47 C.F.R. §§ 69.603 and 64.604. NECA also administers the interstate Universal Service and Lifeline Assistance programs and the interstate Telecommunications Relay Services (TRS) fund. *See id.*

² Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, *Notice of Proposed Rulemaking*, FCC 96-182 (rel. April 19, 1996) (NPRM). The NPRM seeks comment on various approaches to implement the local competition provisions, including sections 251 and 252, contained in the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996) (to be codified at 47 U.S.C. §§ 151 *et. seq.*). The NPRM requested that comments relating to dialing parity, number administration, notice of technical changes and access to rights of way be filed separately (and at a later date) from comments filed relating to the interconnection obligations of all telecommunications carriers, including local exchange carriers.

³ NECA has filed comments in the initial phase of the Interconnection proceeding which addressed the incumbent local exchange carrier need for a *bona fide* request for interconnection and the ability for those LECs to fully recover associated costs. *See* NECA Comments at 6-10 and NECA Reply at 8-11.

carriers (LECs) to provide dialing parity.⁴ NECA supports the Rural Telephone Coalition's (RTC) suggestion that the Commission take into consideration the history of equal access implementation as well as the effects on small rural incumbent LECs.⁵ When the Commission reviews the needs for regulations or guidelines concerning dialing parity it should consider: 1) a time frame for implementing dialing parity; and 2) the ability for incumbent LECs to recover the costs of implementing dialing parity.

The Commission notes that there is substantial variation in the requirements and implementation methodologies that individual states have adopted regarding intraLATA toll dialing parity.⁶ The Commission seeks comments as to what implementation schedule should be adopted for dialing parity obligations for all LECs as well as cost recovery.⁷ There is no need for the Commission to establish a rigid national schedule for the implementation of dialing parity or prescribe specific cost recovery mechanisms.⁸ Many parties, including USTA, support the position that intrastate dialing parity, which involves intrastate local and toll services, should be addressed by individual state

⁴ NECA is only addressing issues raised in ¶¶ 210, 212 and 219 of section II.C.3 of the *NPRM*.

⁵ See RTC at 5-7.

⁶ *NPRM* at ¶ 210.

⁷ *Id.* at ¶¶ 212 and 219.

⁸ Frontier Corporation (Frontier) at 3 ("Commission correctly notes that the Act contains no specific timetable for implementation of dialing parity for non-Bell incumbent exchange carriers."); BellSouth Corporation (BellSouth) at 9 ("[s]pecifically agrees with USTA that the Commission correctly notes that national standards are not needed with respect to local dialing parity.").

commissions.⁹ Individual states are in the best position to address the unique circumstances which a LEC faces when serving particular markets or regions within the state, *e.g.*, different cost, administrative and network architecture considerations.¹⁰

In the event that the Commission decides to provide dialing parity guidelines, NECA recommends that the Commission base their guidelines on the experience gained from issuing similar guidelines for equal access implementation.¹¹ In the case of equal access, the Commission did not require non-Regional Bell Operating Companies (non-RBOCs) to incur any expense or make any investment to comply with equal access requirements until a *bona fide* request was received.¹² As

⁹ See, *e.g.*, USTA at ii, 1-2, 4; Bell Atlantic at 2-5; BellSouth at 9-11; Cincinnati Bell Telephone (Cincinnati Bell) at 5-6; GTE Service Corp. (GTE) at 8-12.

¹⁰ Cincinnati Bell at 5-6 ("Commission should not prescribe any additional standards as to how dialing parity should be implemented by the states . . . states should be given discretion to adopt the methodology and implementation schedule which best fits the needs of the consumers and carriers in their state."); GTE at 9 ("[state regulatory agency] is best positioned to balance the value of additional carrier choices against the higher administrative and network design costs associated with an increased number of presubscription choices").

¹¹ See generally MTS and WATS Market Structure Phase III: Establishment of Physical Connections and Through Routes among Carriers; Establishment of Physical Connections by Carriers with Non-Carrier Communications Facilities; Planning Among Carriers for Provision of Interconnected Services, and in Connection with National Defense and Emergency Communications Services; and Regulations for and in Connection with the Foregoing, *Report and Order*, CC Docket No. 78-72, Phase III, 100 F.C.C. 2d 860 (1985). (*Equal Access Order*).

Other parties agree with this approach. See Frontier at 3 ("[equal access] rules have worked well in the interLATA context. They should work equally well in the context of intraLATA equal access. They are, moreover, fully congruent with the Act's approach to rural telephone companies -- namely, absent the showing specified in the Act, such a company must meet the requirements set forth in the Act in response to a *bona fide* request and appropriate determination by the affected state commission."). See also RTC at 6 ("recommends that the Commission take a similar approach to dialing parity as it did in the equal access proceeding in the mid-1980's").

¹² *Equal Access Order* at ¶ 48 (end offices must be converted to offer equal access services
(continued...))

with equal access, commenting parties recognize the importance of non-RBOCs receiving a *bona fide* request to initiate the implementation of dialing parity.¹³ Additionally, the Commission provided for a thirty-six month interval to implement equal access subsequent to receipt of a *bona fide* request.¹⁴ Finally, in the case of equal access, the Commission permitted LECs to recover all costs involved with the conversion to equal access in a competitively neutral manner from those parties that benefit from equal access.¹⁵ Other parties agree with this approach.¹⁶

In summary, the Commission need not adopt rigid implementation requirements for dialing parity. Rather, the Commission should use the industry experience gained from implementation of equal access. Commission guidelines for dialing parity implementation should ensure: 1) that no

¹² (...continued)

“within three years of the receipt of a reasonable request”). At this point in time, 30% of NECA member companies have not had to incur expenses to convert to equal access since they have not received *bona fide* requests. National Exchange Carrier Association, Inc., *Telecommunications: America's Vital Link*, 24-25 (December 1995). Similarly, they should not be required to incur expenses for implementation of dialing parity without a *bona fide* request.

¹³ It is noted that AT&T (at 6) recognizes that independent telephone companies should not be required to provide dialing parity until a *bona fide* request is made. *See also* Frontier at 3 (“Commission . . . may expand its existing requirements governing the implementation of equal access for interstate, interLATA call to encompass intraLATA toll calls . . . rules require the non-Bell exchange carriers (other than GTE) to implement interLATA equal access within varying time frames in response to *bona fide* requests”).

¹⁴ *See supra* n. 12.


¹⁵ *See generally* MTS and WATS Market Structure, Amendment of Part 69 of the Commission's Rules for Recovery of Equal Access Costs, *Report and Order*, CC Docket No. 78-72, 4 FCC Rcd 2104 (1989).

¹⁶ RTC at 7 (“[a]ll costs for the provision of more expanded dialing parity should be accumulated, just as they were for equal access, and recovered from the class of carriers that will benefit from the additions.”); Ameritech at 10 (“the costs of dialing parity should be recovered under normal regulatory principles from the cost causer.”).

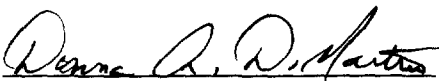
investment or expense is incurred absent a *bona fide* request; 2) that adequate time be provided for implementation; and 3) that a mechanism be established to ensure full cost recovery in a competitively-neutral manner.

Respectfully submitted,

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